in the commercial loan market in the States, the total of which amounted to over £300,000,000. These loans we have since repaid.

By the time America came into the War, our capacity to produce further securities to sell in the States to pay for our purchases there was approaching the end. We had not only been required to buy our own equipment; we had also been the main financial resource of our Allies, and up to the time when America joined in, we had advanced to them sums totalling £827,000,000. Including these advances, our total expenditure during the War, up to April, 1917, amounted to £4,300,000,000. By this time the War was costing us at the rate of seven million pounds a day.

The United States, on. entering the War, were quite unprepared to take any large share in military operations, but they declared themselves *America^ offer* rea(J)y anc,j eager to place their immense *kefyt"Allies* fi[nanc]i[a]l resources at the service of the common cause. We were given to understand that until their men were ready they would fight with their money, and we naturally welcomed the prospect of their taking over from us the task of financing the external purchases of our Allies and ourselves. Our own capacity for mobilising credit for them and for ourselves had been strained almost to breaking point. We had hitherto been finding both men and money to the limit of our available resources.

President Wilson asked Congress to sanction liberal loans to the Allies, and Congress promptly passed the first Liberty Loan Act, for raising a loan of £1,000,000,000, of which £600,000,000 were to be used to lend to the Allies. But America declined